

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE REPUBLIC OF IRAQ
REGARDING THE CANCELLATION
OF CERTAIN DEBTS OWED TO, GUARANTEED BY, OR INSURED BY
THE UNITED STATES GOVERNMENT

The Government of the United States of America (the "United States") and the Government of the Republic of Iraq ("Iraq") agree as follows:

ARTICLE I

Application of the Agreement

1. Pursuant to the recommendations contained in the Agreed Minute on the Treatment of the Debt of the Republic of Iraq, signed on November 21, 2004, by the Participating Creditor Countries and Iraq (herein referred to as the "Minute"), the applicable domestic laws of the United States and Iraq, and the commitment of the President of the United States to provide 100 percent debt forgiveness to Iraq, the United States and Iraq hereby agree to the cancellation of certain Iraqi debts owed to, guaranteed, or insured by the United States Government or its Agencies.

2. With respect to amounts owed to the Export-Import Bank of the United States ("Ex-Im Bank"), Ex-Im Bank will notify Iraq of the amounts cancelled hereunder. This Agreement will be further implemented by separate agreements (the "Implementing Agreement") between Iraq and the United States Department of Agriculture ("USDA") with respect to Commodity Credit Corporation ("CCC") contracts.

ARTICLE II

Definitions

1. "Agencies" means the Ex-Im Bank and USDA.
2. "Contracts" mean those agreements or other financial arrangements that have maturities under:
 - (a) commercial credits guaranteed or insured by the United States or its Agencies and which were extended to Iraq or the Iraqi public sector, or which were covered by a guarantee of Iraq or the Iraqi public sector, pursuant to an agreement concluded before May 22, 2003; and
 - (b) loans from the United States or its Agencies and which were extended to Iraq or the Iraqi public sector, or covered by the guarantee of Iraq or the Iraqi public sector, pursuant to an agreement concluded before May 22, 2003.

For purposes of this paragraph, the Iraqi "public sector" shall include any entity in which the Government of the Republic of Iraq is directly or indirectly a majority shareholder (more than 50%) or any other legally authorized Iraqi public entity at the date when the credits and loans were granted or guaranteed.

A table listing the relevant Contracts to be included under the debt cancellation is attached hereto as Annex A.

Debt service due as a result of debts described above and effected through special payment mechanisms or other external accounts is covered by this Agreement.

3. "Relevant Principal" means the total amount of principal outstanding as of November 21, 2004, including Accrued Interest and any principal and interest in arrears, and Late Interest, if any, as of November 21, 2004, on Contracts defined in Article II, paragraph 2 of this Agreement.

A table summarizing the amount of Relevant Principal owed to the United States or its Agencies is attached hereto as Annex B.

4. "Accrued Interest" means interest accrued under the relevant Contracts from the last interest maturity date through November 21, 2004, inclusive, computed at the rate specified in the Contracts.
5. "Late Interest" means interest charges accruing from the contractual payment date of principal and interest due and not paid through November 21, 2004, inclusive.
6. "Minute" means the Agreed Minute on the Treatment of the Debt of the Republic of Iraq, signed on November 21, 2004.
7. "Participating Creditor Countries" means creditor countries that are signatories to the Agreed Minute on the Treatment of the Debt of the Republic of Iraq, signed on November 21, 2004.

ARTICLE III

Terms and Conditions of Cancellation

1. One hundred percent of the Relevant Principal, as defined in Article II, paragraph 3, is hereby cancelled.
2. Adjustments in the amounts of Relevant Principal may be made in writing, as necessary and by mutual consent.

ARTICLE IV

General Provisions

1. Iraq shall seek to secure from external public or private creditors not participating in the Minute reduction arrangements on terms comparable to those set forth in the Minute for credits of comparable maturity, committing to avoid treatment more favorable than that accorded the Participating Creditor Countries, as more specifically defined in the Minute.
2. Except as modified by this Agreement, all terms of the Contracts remain in full force and effect.
3. With respect to amounts owed to Ex-Im Bank under this Agreement, Iraq (referred to as the "Government" in Annex C hereto) agrees to the additional terms and conditions set forth in Annex C.

ARTICLE V

Suspension or Termination

1. The United States may suspend or terminate this Agreement by giving sixty (60) days written notice to Iraq. In particular, the United States may terminate all or part of this Agreement, if the Participating Creditor Countries determine that Iraq has not met its obligations under Article IV-3 of the Minute, including those of comparable treatment. If the United States terminates all or part of this Agreement, all Relevant Principal consolidated and cancelled under this Agreement shall be due and payable immediately following notification to Iraq of the United States' exercise of this right of termination.
2. This Agreement may be amended or modified by mutual consent of the United States and Iraq.

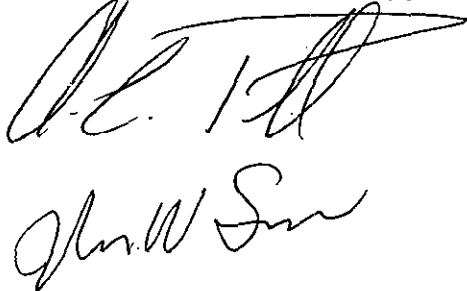
ARTICLE VI

Entry into Force

This Agreement shall enter into force upon an exchange of diplomatic notes confirming that all necessary domestic legal requirements for entry into force of the Agreement have been fulfilled by each government.

Done at Washington, in duplicate, this 17th day of December, 2004, in the English and Arabic languages, each text being equally authentic.

FOR THE GOVERNMENT OF
THE UNITED STATES OF AMERICA:

A handwritten signature in black ink, appearing to read "John W. Snow", written over a large, stylized flourish or scribble.

FOR THE GOVERNMENT OF
THE REPUBLIC OF IRAQ:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, written over a smaller scribble.

Annex A
Contracts Subject to Debt Cancellation

Ex-Im Bank

Insurance Policy/Claim I020942/STX66605
Insurance Policy/Claim I020992/BLP19091
Insurance Policy/Claim I021009/BLP60772
Insurance Policy/Claim I021013/BLP19091
Insurance Policy/Claim I021015/BLP67041
Insurance Policy/Claim I021032/SPX70987
Insurance Policy/Claim I021039/BLP60772
Insurance Policy/Claim I021047/SPX76000

USDA CCC GSM

102-011408	102-056717	102-057913	102-059662	102-060709	102-062309	102-064008	102-066056
102-011414	102-056719	102-057923	102-059698	102-060721	102-062310	102-064018	102-066063
102-011427	102-056851	102-057981	102-059751	102-060771	102-062311	102-064039	102-066419
102-011430	102-056853	102-057982	102-059752	102-060783	102-062413	102-064040	102-066865
102-011811	102-056888	102-058043	102-059755	102-060799	102-062435	102-064080	103-020013
102-011875	102-056916	102-058068	102-059779	102-060816	102-062465	102-064169	103-020014
102-011877	102-056981	102-058069	102-059786	102-060819	102-062497	102-064177	103-020015
102-011878	102-056986	102-058070	102-059819	102-060823	102-062583	102-064178	103-020016
102-011879	102-056996	102-058074	102-059836	102-060824	102-062584	102-064179	103-020022
102-011880	102-056998	102-058076	102-059838	102-060825	102-062690	102-064205	103-020025
102-011932	102-057004	102-058079	102-059846	102-060826	102-062743	102-064230	103-020026
102-011944	102-057005	102-058084	102-059856	102-060912	102-062786	102-064261	103-020044
102-012032	102-057006	102-058086	102-059867	102-061184	102-062787	102-064263	103-020054
102-012042	102-057011	102-058090	102-059887	102-061187	102-062794	102-064265	103-020055
102-012062	102-057012	102-058113	102-059888	102-061199	102-062952	102-064275	103-020056
102-012067	102-057018	102-058253	102-059919	102-061217	102-062980	102-064343	103-020057
102-012075	102-057019	102-058266	102-059970	102-061224	102-062981	102-064344	103-020066
102-012081	102-057045	102-058293	102-059994	102-061406	102-063043	102-064371	103-020068
102-012086	102-057053	102-058293	102-060019	102-061410	102-063122	102-064375	103-020083
102-012088	102-057108	102-058314	102-060023	102-061425	102-063224	102-064383	103-020084
102-012092	102-057109	102-058348	102-060031	102-061454	102-063226	102-064385	103-020087
102-012118	102-057120	102-058473	102-060033	102-061466	102-063237	102-064387	103-020134
102-012120	102-057143	102-058490	102-060034	102-061468	102-063283	102-064388	103-020135
102-012121	102-057231	102-058532	102-060051	102-061502	102-063284	102-064401	103-020136
102-012122	102-057257	102-058605	102-060075	102-061623	102-063339	102-064452	103-020137
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102-012137	102-057338	102-058620	102-060080	102-061626	102-063355	102-064890	103-070015
102-012139	102-057344	102-058697	102-060094	102-061671	102-063395	102-064996	103-070016
102-012147	102-057357	102-058718	102-060111	102-061689	102-063416	102-065050	103-070019
102-012154	102-057472	102-058761	102-060137	102-061690	102-063423	102-065052	103-070021
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102-012384	102-057520	102-058859	102-060286	102-061699	102-063538	102-065081	103-070042
102-012385	102-057521	102-058860	102-060287	102-061700	102-063539	102-065093	103-070043
102-012411	102-057522	102-058891	102-060288	102-061701	102-063541	102-065224	103-070046
102-012412	102-057523	102-058893	102-060289	102-061702	102-063661	102-065267	103-070055
102-012426	102-057524	102-058911	102-060290	102-061703	102-063792	102-065291	103-070056
102-012427	102-057536	102-058947	102-060291	102-061704	102-063793	102-065292	103-070070
102-012428	102-057537	102-059098	102-060292	102-061705	102-063794	102-065345	103-070101
102-012429	102-057538	102-059121	102-060297	102-061710	102-063795	102-065346	103-070121
102-055725	102-057539	102-059125	102-060298	102-061738	102-063796	102-065371	103-070122
102-055982	102-057540	102-059134	102-060347	102-061808	102-063797	102-065386	103-070126
102-056148	102-057550	102-059135	102-060350	102-061845	102-063798	102-065492	103-070128
102-056200	102-057562	102-059136	102-060351	102-061851	102-063799	102-065493	103-070130
102-056254	102-057648	102-059151	102-060352	102-061878	102-063800	102-065529	103-070131
102-056264	102-057651	102-059174	102-060359	102-061924	102-063801	102-065539	103-070134
102-056274	102-057656	102-059251	102-060367	102-061933	102-063802	102-065544	103-070135
102-056322	102-057727	102-059255	102-060370	102-062004	102-063803	102-065626	103-070139
102-056323	102-057728	102-059277	102-060371	102-062096	102-063804	102-065823	103-070144
102-056409	102-057729	102-059333	102-060377	102-062124	102-063805	102-065824	103-070149
102-056427	102-057739	102-059336	102-060422	102-062125	102-063809	102-065828	103-070150

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102-056498	102-057784	102-059490	102-060506	102-062184	102-063852	102-065837	103-070193
102-056526	102-057785	102-059525	102-060507	102-062248	102-063853	102-065862	103-070195
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102-056657	102-057818	102-059536	102-060534	102-062258	102-063863	102-065880	103-070199
102-056667	102-057832	102-059547	102-060535	102-062259	102-063866	102-065881	103-070200
102-056696	102-057864	102-059548	102-060536	102-062260	102-063871	102-065882	103-070211
102-056708	102-057865	102-059553	102-060575	102-062261	102-063887	102-065939	103-070231
102-056714	102-057866	102-059591	102-060587	102-062281	102-063901	102-065946	103-070265
102-056716	102-057870	102-059645	102-060628	102-062298	102-063949	102-066038	

USDA-CCC OGSM

OGSM-150
OGSM-162
OGSM-163
OGSM-183
OGSM-187
OGSM-193

Annex B

Summary of Relevant Principal
(thousands of US dollars)

Ex-Im	\$ 117,149
USDA CCC GSM	\$ 3,920,001
USDA CCC OGSM	72,752
TOTAL	\$ 4,109,902

ANNEX C

ADDITIONAL TERMS AND CONDITIONS WITH RESPECT TO
AMOUNTS OWING TO EX-IM BANK

The Government of the Republic of Iraq, (hereinafter referred to as the "Government"), agrees to the following additional terms and conditions with respect to the amounts owing to Ex-Im Bank, guaranteed by Ex-Im Bank, or insured by Ex-Im Bank, pursuant to the attached Agreement between the United States of America and the Government:

A. Representations.

The Government represents and warrants that it has taken all action necessary or advisable under its laws and regulations to authorize the execution, delivery and performance of this Agreement and that this Agreement constitutes the valid and binding obligation of the Government, enforceable against the Government in accordance with its terms and for the performance of which the full faith and credit of the Government is pledged. The Government acknowledges that the activities contemplated by this Agreement are commercial in nature rather than governmental or public and agrees that, to the extent that it has or hereafter may acquire immunity from suit, judgment and/or execution, it will not assert or claim any such right of immunity with respect to any action by Ex-Im Bank to enforce its obligations under this Agreement.

B. Miscellaneous Provisions.

1. Expenses. The Government shall pay on demand all reasonable costs and expenses incurred by or charged to Ex-Im Bank in connection with or arising out of this Agreement, including without limitation costs and legal fees incurred by or charged to Ex-Im Bank in connection with the enforcement of this Agreement.

2. Adjustments. On or about 135 days after the execution of this Agreement, Ex-Im Bank shall inform the Government of the actual amounts to be cancelled hereunder. The parties hereto agree to make any necessary adjustments to the amounts being cancelled.

3. Communications. All communications between the Government and Ex-Im Bank under this Agreement shall be in writing, in the English language (or accompanied by an accurate English translation). All communications to the Government shall be addressed to the Government at the address designated by the Government from time to time in writing to Ex-Im Bank; all communications to Ex-Im Bank shall be addressed to Ex-Im Bank at the following address:

Export-Import Bank of the United States
811 Vermont Avenue, N.W.
Washington, D.C. 20571
Attention: Treasurer-Controller
Ref: R-291 - Iraq
Telex: 89461 EXIMBANK WSH
197681 EXIM UT
Facsimile: (202) 565-3890

4. Governing Law. The Ex-Im Bank portion of this Agreement shall be governed by and construed in accordance with the laws of the District of Columbia, United States of America.